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The Corporate Officer

Heidrick and Struggles

Consultants in Executive Search

About This Study

Heidrick and Struggles conducted this survey of corporate women officers to contribute to a better understanding of women in leadership positions. Members of our survey sample are employed by *Fortune* 1000 organizations. Responses were received from 52.4 percent of the 412 women who comprised the selected population.

Heidrick and Struggles is grateful to the participating women officers who took the time and effort necessary to make this study possible.

Findings of a study of corporate women officers of America's largest industrial and service companies.

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Introduction

Do people equate the word "leadership" with men? A vast majority of the participating corporate women officers of *Fortune* 1000 organizations we surveyed believe this is true. These executives still are climbing the management ladder, but none has reached the top rung. This is not surprising given the fact that more than half of the respondents have been with their present employers ten years or less. Yet with an average age of 44 years, women officers have ample time to gain the experience necessary to crack the "glass ceiling."

Progress is being made. Four of five participating women officers are now at the vice-presidential level or above. When this study was last conducted in 1980, only one-third were at this level. Moreover, one-fourth of these executives currently hold board seats in organizations other than their own, compared with only 13 percent six years ago.

The average annual compensation for participants is $116,810. This is in stark contrast to the beginning of the decade, when less than 10 percent of the group earned this much. Perhaps such improvements are why almost four of five responding women officers express "very high" or "high" satisfaction with the progress of their careers.

Progress has not come without a price for these executives. More than four of five participants say that they have made personal sacrifices because of career demands. Top among them are time spent with children, time for themselves, and time for their spouses. Almost one-third of the women officers also believe that work affected their decision on whether to have children—the majority are childless. Furthermore, of those executives who have not married, more than half indicate that this choice is influenced by their careers.

Participating corporate women officers rank hard work, intelligence, and leadership ability as the criteria contributing most to their professional success. In that regard, they are not too different from male executives we recently surveyed who pointed to the virtues of leadership, accomplishment, and hard work as major factors in their advancement.

These women executives understand the uphill battle to reach management's top ranks. In fact, more than half the responding officers believe the increase in the number of self-employed women is the result of management's continuing discomfort with women in executive positions. Yet four of five are of the opinion that qualities often associated with women—intuitiveness, sensitivity, and a preference for cooperation—are becoming increasingly important as we turn from an industrial to a service economy. Female executives are ready for the challenge of the future. No wonder three-fourths would not choose to stay home even if paid full salary to give up their careers.

David R. Peasback
President and CEO
Heidrick and Struggles

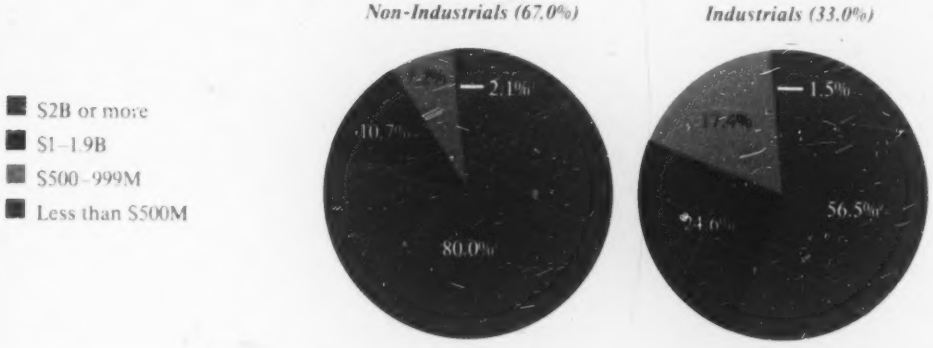
Highlights

The typical corporate woman officer in our study:

- ☐ Is a 44-year-old white Protestant employed at the vice-presidential level or above by a $2 billion-or-more non-industrial organization headquartered in the East
- ☐ Earns annual cash compensation (base and bonus) of $116,810
- ☐ Has worked for three employers thus far in her career
- ☐ Devotes 55 hours a week to work and spends less than one-quarter of the time on business travel
- ☐ Is married, childless, and spends fewer than 10 hours a week on homemaking tasks
- ☐ Believes the increase in the number of self-employed women is the result of management's continued discomfort with women in executive positions
- ☐ Thinks many high-achieving women forego having children to stay on the fast track
- ☐ Rates satisfaction with the progress of her career as "very high" or "high"
- ☐ Would not choose to stay home even if paid full salary to do so
- ☐ Does not believe networking in professional women's organizations helps women advance their careers

Company Type and Size

Reflecting the growth of service businesses, the percentage of participating corporate women officers working for non-industrial employers grew dramatically since our last study to 67.0 percent from 38.0 percent in 1980. Four of five women in this group are affiliated with $2 billion-or-more organizations.



Location

Expectedly, the majority of responding female executives (51.0 percent) work in the East. Of these, half are employed in the New York City area. Perhaps due in part to the economic decline of the industrial Midwest, this region experienced the greatest decrease in the percentage of corporate women officers since 1980. Midwesterners now account for 15.9 percent of the participating survey population, down from 25.0 percent six years ago.

Title

The proportion of women officers who are at the vice-presidential level or above increased substantially since 1980. Currently, four of five of the respondents occupy such positions, compared with one-third who did so six years ago.

Only one of ten of today's female executives holds the title of assistant or corporate secretary, compared with a majority of the survey participants who were in these positions in 1980.

	Total 1986	*Total 1980*
Chairman, vice chairman, president	0.0%	0.8%
Executive vice president, senior vice president, group vice president, vice president, assistant vice president	72.3	35.1
Corporate secretary	8.3	14.1
Assistant corporate secretary	1.4	37.0
Treasurer or assistant treasurer	1.9	7.2
Senior vice president and corporate secretary or vice president and corporate secretary	4.6	NA
Senior vice president and treasurer or vice president and treasurer	3.7	NA
Director	0.9	NA
Manager	1.4	NA
Executive vice president and chief financial officer or chief financial officer	0.9	NA
Vice president and assistant, associate, or general counsel	1.4	NA
Controller or auditor	0.9	NA
Other	2.3	5.8
	100.0%	100.0%

Cash Compensation

Average total annual cash compensation (base and bonus) for participating corporate women officers is $116,810. Only one of six earns less than $50,000 a year, compared with three of five in 1980. Not surprisingly, female executives in the 40–49 age group receive the greatest compensation: 72.8 percent earn more than $90,000 a year, and almost one of ten is in the $250,000-or-above category.

Total Cash Compensation (base and bonus)		*By Age*			
	Total 1986	Under 40	40–49	50+	*Total 1980*
Less than $35,000	5.9%	11.5%	1.3%	6.3%	61.5%
$35,000–49,999	11.8	19.7	3.9	12.5	
$50,000–89,999	25.1	24.6	22.0	31.2	27.5
$90,000–119,999	19.3	11.5	28.6	14.6	
$120,000–159,999	15.5	16.4	19.5	8.3	
$160,000–199,999	10.7	9.8	10.4	12.5	11.0
$200,000–249,999	6.4	4.9	5.2	10.4	
More than $249,999	5.3	1.6	9.1	4.2	
	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$116,810	$98,020	$132,170	$117,490	NA

Perquisites

The majority of corporate women officers receive only stock options and extra life insurance as perquisites. Unlike 1980, the percentage of women gaining perks does not increase with age. However, as was true six years ago, the number of perquisites received by a majority of respondents increases with the level of education.

		By Education						
	Total 1986	High school/ Business college	B.A.	M.B.A.	LL.B.	Other Master's	Ph.D.	***Total 1980***
Stock options	73.0%	63.2%	72.2%	71.4%	80.8%	90.9%	71.4%	50.4%
Extra life insurance	58.1	57.9	53.2	57.1	73.1	54.5	71.4	51.2
Deferred compensation	47.9	36.8	45.6	50.0	57.7	59.1	57.1	19.3
Automobile	38.1	34.2	35.4	45.2	46.2	36.4	28.6	24.4
Stock purchase plan	32.6	26.3	36.7	33.3	26.9	27.3	57.1	30.3
Financial counseling	28.4	5.3	32.9	40.5	19.2	27.3	71.4	11.0
Tax-shelter investment opportunity	21.9	15.8	21.5	19.0	26.9	27.3	28.6	NA
Town club membership	21.9	13.2	21.5	28.6	34.6	18.2	0.0	NA
Low-cost loans	19.5	26.3	26.6	9.5	7.7	22.7	0.0	8.3
Performance shares	14.4	7.9	17.7	11.9	15.4	13.6	28.6	10.6
Management contract	12.1	7.9	11.4	11.9	15.4	22.7	0.0	2.4
Country club membership	9.3	5.3	8.9	7.1	23.1	4.5	14.3	NA
None of these	7.9	10.5	8.9	7.1	11.5	0.0	0.0	8.7
Medical exam	4.7	5.3	5.1	4.8	3.8	0.0	14.3	62.6
Health/fitness club membership	3.3	2.6	3.8	2.4	3.8	4.5	0.0	NA
Driver/limo/reserved parking	1.9	0.0	1.3	2.4	0.0	9.1	0.0	NA
Auto allowance	1.9	2.6	1.3	2.4	3.8	0.0	0.0	NA
Other	1.4	2.6	2.5	0.0	0.0	0.0	0.0	NA

Results do not add to 100% due to multiple responses.

Present Employer

A majority of respondents have been with their present employers 10 years or less, contrasted with the majority in 1980 who had worked for their companies 11 or more years. The greatest difference is in the number of women who have been with their organizations for more than 25 years: 13.5 percent in 1986, compared with 22.0 percent in 1980.

Six years ago, more than half the participating women executives began in clerical positions with their employers. Today, only three of ten report first joining their companies in such posts.

Years With Present Employer

	Total 1986	*Industrial*	*Non-Industrial*	*Total 1980*
Less than 6	28.4%	33.3%	26.1%	26.3%
6-10	23.2	23.2	23.9	18.8
11-15	17.7	13.0	19.7	12.9
16-20	11.6	7.3	14.1	9.4
21-25	5.6	8.7	3.5	10.6
More than 25	13.5	14.5	12.7	22.0
	100.0%	100.0%	100.0%	100.0%

First Position With Present Company

	Total 1986	*Total 1980*
Clerical	29.3%	51.3%
Non-officer professional or manager	34.1	32.8
Officer	27.8	15.9
Other	8.8	NA
	100.0%	100.0%

Background Experience

More than three of seven responding corporate women officers indicate backgrounds in finance or general management. Almost half the group aged 50 or older have experience in these areas. Functional background is unrelated to type of organization or educational credentials.

		By Age		
	Total 1986	Under 40	40-49	50+
Finance	23.4%	27.9%	20.2%	21.8%
General Management	20.6	16.2	20.2	27.3
Public Relations/Communications	12.4	11.8	15.5	9.1
Law	12.4	10.3	13.1	14.5
Personnel	10.5	10.3	10.7	9.1
Sales/Marketing	6.2	7.3	7.1	3.6
Information Systems (MIS)	2.9	2.9	4.8	0.0
Government Relations/Regulation	2.4	1.5	3.6	1.9
Investments	2.4	4.4	0.0	3.6
Manufacturing/Operations	1.0	1.5	0.0	1.9
Planning	1.0	0.0	2.4	0.0
Secretarial	1.0	0.0	0.0	3.6
Engineering/Research	0.5	0.0	1.2	0.0
Other	3.3	5.9	1.2	3.6
	100.0%	100.0%	100.0%	100.0%

Source of Present Position

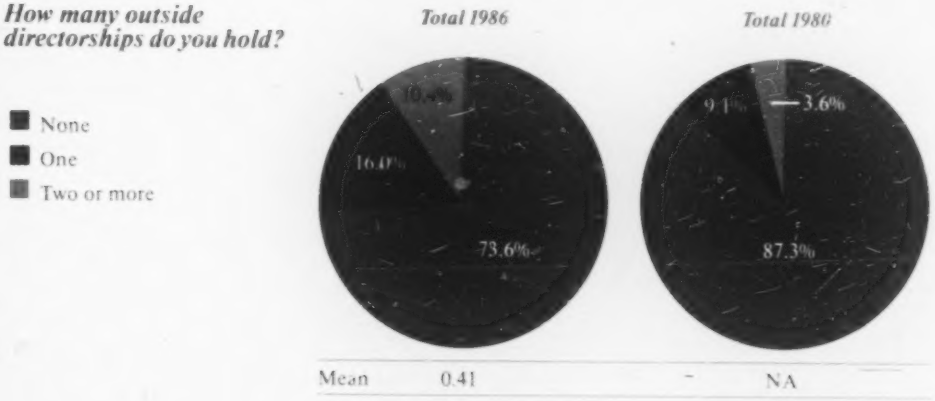
The overwhelming majority of respondents attained their present posts by promotion from within. Female executives in industrial organizations are almost twice as likely to have gained their current positions through executive search firms than their counterparts in non-industrial institutions.

	Total 1986	*Industrial*	*Non-Industrial*
Promoted from within	68.5%	58.6%	73.2%
Personal reference	13.9	15.7	12.7
Executive search firm	8.8	12.8	7.1
Direct recruiting by firm	2.8	7.1	0.7
Previous work with company	1.8	2.9	1.4
Newspaper ad	1.4	0.0	2.1
Other	2.8	2.9	2.8
	100.0%	100.0%	100.0%

Directorships

Substantial gains have been made by responding women officers in the area of outside directorships. Today, more than one-fourth of these executives hold board seats in organizations other than their own, in contrast to seven of eight who held no such positions six years ago. As was the case in 1980, a very small percentage (3.2 percent) of the participants are directors of their own companies.

How many outside directorships do you hold?



Mean 0.41 NA

Are you a director of your company?

Highest Educational Attainment

More than three of seven respondents earned advanced degrees, compared with one of four in 1980. Expectedly, women executives under 40 are highly educated, with more than half holding advanced degrees. Participants in this age group are four times as likely to have M.B.A.s as are female corporate officers over 50.

		By Age		
	Total 1986	Under 40	40–49	50+
High school diploma	13.5%	5.9%	8.0%	29.3%
Bachelor's degree	36.7	36.8	40.2	31.0
M.B.A.	20.0	30.9	20.7	6.9
J.D./LL.B.	12.1	10.3	13.8	12.1
Other Master's degree	10.2	13.3	10.3	6.9
Business college	1.9	0.0	0.0	6.9
Other professional degree	2.3	1.4	3.5	1.7
Doctorate	3.3	1.4	3.5	5.2
	100.0%	100.0%	100.0%	100.0%

Career and Relocation Conflicts

One-fifth of responding female executives who are married resolve dual career and relocation conflicts by allowing the more highly compensated individual's career to govern their decisions. One of four women officers who earns more than $160,000 a year resolves these conflicts by engaging in a commuting marriage.

Perhaps the reason two of seven participants face no such conflicts is because a majority of these executives are either reluctant or unwilling to move.

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K+
More highly compensated individual's career governs	20.7%	33.3%	19.3%	23.1%	18.8%	9.4%
Career offering more long-term potential governs	15.7	11.1	25.8	23.1	12.5	9.4
Take turns in making career decisions	11.4	27.8	12.9	7.7	12.5	6.2
Commuting marriage resulted	8.6	0.0	3.2	3.8	6.2	25.0
Separation and/or divorce resulted	6.4	5.6	6.5	0.0	12.5	9.4
No such conflict/ not applicable	28.6	16.7	25.8	34.6	37.5	25.0
Other	8.6	5.5	6.5	7.7	0.0	15.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Personal

The typical participating woman officer is a 44-year-old white Protestant who combines marriage to a business executive or professional with her career. She spends fewer than 10 hours a week on homemaking tasks, as does her spouse. Unlike her counterpart in 1980, she is childless.

Age

	Total 1986	*Industrials*	*Non-Industrials*	*Total 1980*
Under 30	1.9%	0.0%	2.8%	5.9%
30–39	30.0	24.6	33.6	29.9
40–49	40.8	46.4	37.9	26.6
50–59	22.1	23.2	20.7	37.6
Over 59	5.2	5.8	5.0	
	100.0%	100.0%	100.0%	100.0%
Mean	44.2	45.2	43.6	NA

Religion

		By Age			
	Total 1986	Under 40	40–49	50+	*Total 1980*
Protestant	54.9%	45.3%	53.0%	67.9%	58.2%
Roman Catholic	24.8	31.3	24.1	19.6	26.1
Jewish	6.8	7.8	7.2	5.4	8.9
Other	1.9	0.0	4.8	0.0	6.8
None	11.6	15.6	10.9	7.1	NA
	100.0%	100.0%	100.0%	100.0%	100.0%

Race

White	96.7%	95.4%	97.6%	96.6%	98.8%
Asian	1.9	1.5	2.4	1.7	0.4
Black	0.9	3.1	0.0	0.0	0.0
American Indian/Eskimo	0.5	0.0	0.0	1.7	0.0
Hispanic	0.0	0.0	0.0	0.0	0.8
	100.0%	100.0%	100.0%	100.0%	100.0%

Marital Status

		By Age			
	Total 1986	Under 40	40–49	50+	***Total 1980***
Single, never married	19.4%	20.6%	12.6%	27.6%	29.5%
Married to first spouse	39.8	45.6	42.5	31.0	35.8
Separated or divorced, not remarried	21.3	17.6	21.8	24.2	18.5
Divorced, remarried	16.7	14.7	20.7	13.8	10.3
Widowed, remarried	1.4	1.5	1.2	1.7	5.9
Widowed, not remarried	1.4	0.0	1.2	1.7	
	100.0%	100.0%	100.0%	100.0%	100.0%

Husband's Occupation

Business executive	31.7%	45.2%	30.9%	11.6%	31.3%
Professional	36.6	30.9	47.3	23.1	33.9
White collar worker	4.9	4.8	5.5	3.8	11.0
Blue collar worker	4.1	4.8	3.6	3.8	11.9
Tradesman	1.6	4.8	0.0	0.0	NA
Retired	11.4	0.0	1.8	50.0	10.2
Self-employed	9.7	9.5	10.9	7.7	1.7
	100.0%	100.0%	100.0%	100.0%	100.0%

Do You Have Children?

Yes	46.3%	35.3%	47.1%	55.2%	50.8%
No	53.7	64.7	52.9	44.8	49.2
	100.0%	100.0%	100.0%	100.0%	100.0%

Hours Spent Weekly on Homemaking Tasks

		By Age					
	Total 1986	Under 40	40–49	50+	***Spouse 1986***	***Total 1980***	***Spouse 1980***
None	1.9%	0.0%	2.3%	3.7%	5.6%	35.9%	62.7%
Fewer than 10	59.1	62.7	55.3	61.1	54.1		
10–15	25.0	26.9	27.1	18.5	24.2	35.9	23.7
16–20	7.7	7.4	9.4	5.6	10.5	18.8	7.6
More than 20	6.3	3.0	5.9	11.1	5.6	9.4	6.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Work and Vacation Time

A majority of participating female officers devote 50 or more hours to business each week, less than one-fourth of which is spent traveling. One of three spends 60 or more hours weekly working. As anticipated, those who are most highly compensated devote the most time to business matters, with almost one of five in the $160,000-or-above category spending more than 69 hours each week on business activities.

Women executives are granted an average of four weeks vacation each year. Consistent with their busy workloads, two of three vacationed three weeks or less during the past 12 months.

Hours Devoted to Business Weekly

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K +
Less than 50	20.8%	56.2%	28.9%	11.1%	6.9%	2.4%
50–59	46.2	37.5	53.3	47.2	44.8	40.5
60–69	25.0	6.3	13.3	30.6	44.8	38.1
More than 69	8.0	0.0	4.5	11.1	3.5	19.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	54.7	47.5	51.9	55.9	57.6	60.7

Weeks of Vacation Granted

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K +
Two	2.3%	0.0%	2.1%	0.0%	0.0%	7.1%
Three	21.9	36.4	23.4	17.1	24.1	14.3
Four	44.6	45.4	46.8	48.6	41.4	31.0
More than four	31.2	18.2	27.7	34.3	34.5	47.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	4.1	3.8	4.0	4.2	4.1	4.2

Areas Affected by Career Demands

More than four of five respondents indicate that they have made personal sacrifices because of career demands. These executives rank quality time with children, time for themselves, and quality time with their spouses as the top three areas most affected by their careers.

Almost one-third of participating female officers also designate that their careers affected their decision to have children. Of those who have not married, more than half indicate that the choice to do so is influenced by their careers.

Have you made personal sacrifices because of career demands?

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K +
Yes	81.5%	69.7%	87.2%	77.8%	82.8%	90.5%
No	18.5	30.3	12.8	22.2	17.2	9.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Areas Affected by Career

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K +
Choice to marry	14.5%	0.0%	17.6%	14.3%	25.0%	10.0%
Decision to have children	30.3	28.6	29.4	28.6	40.0	33.3
Success of marriage	17.1	14.3	14.7	25.0	10.0	16.7
Effectiveness as parent	13.1	28.6	5.9	7.1	5.0	16.7
Social/personal relationships	3.9	0.0	3.0	7.1	0.0	3.3
None of these	15.8	19.0	17.6	17.9	20.0	13.3
Other	5.3	9.5	11.8	0.0	0.0	6.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Career Continuity and Mobility

As was true in 1980, more than four of five female officers have been employed continuously throughout their careers. The youngest executives form the greatest percentage of women who have not interrupted their careers, 90.8 percent.

In terms of mobility, today's corporate woman officer has had three different full-time employers thus far in her career. This is the same rate of mobility as reported in our recent study of senior-level executives, almost all of whom are male. The greatest mobility occurs among respondents in the $120,000–$159,000 compensation category.

Career Continuity

		By Age			
	Total 1986	Under 40	40–49	50+	***Total 1980***
Employed continuously throughout career without interruption for family/ homemaking	82.6%	90.8%	82.8%	72.4%	83.2%
Interrupted career for family/ homemaking and then returned to the labor force	17.4	9.2	17.2	27.6	16.8
	100.0%	100.0%	100.0%	100.0%	100.0%

Number of Employers

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K+
One	13.2%	15.6%	10.8%	23.5%	10.4%	11.9%
Two	22.2	21.9	28.3	26.5	13.8	16.7
Three	24.1	18.8	28.3	20.6	24.1	26.2
Four	16.5	25.0	15.2	5.9	10.4	21.4
Five	12.7	15.6	8.7	8.8	24.1	11.9
Six or more	11.3	3.1	8.7	14.7	17.2	11.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	3.4	3.1	3.2	3.0	3.9	3.6

Professional Success and Career Satisfaction

Women officers rank hard work, intelligence, and leadership ability as the top three criteria contributing to their professional success. Their responses almost mirror those of other senior-level executives we profiled, who point to the attributes of leadership, accomplishment, and hard work as primary success factors.

Respondents express great satisfaction with their career progress. The overwhelming majority indicate "high" or "very high" satisfaction with their careers.

Almost two-thirds of the women executives indicate that work affords above average pleasure. In the $160,000-or-above compensation category, more than four of five subscribe to that belief. No wonder three-fourths of these officers would not choose to stay home if paid full salary to give up their careers.

Career Satisfaction

	Total 1986	*Industrials*	*Non-Industrials*	*Total 1980*
Very high	32.9%	38.5%	30.3%	32.7%
High	54.6	57.1	52.8	47.2
Average	11.1	4.4	14.8	18.5
Low	0.5	0.0	0.7	0.8
Very low	0.9	0.0	1.4	0.8
	100.0%	100.0%	100.0%	100.0%

Pleasure Derived from Work

		By Compensation				
	Total 1986	Less than $50K	$50–89K	$90–119K	$120–159K	$160K +
Work and pleasure are one	10.7%	9.1%	6.5%	13.9%	13.8%	14.3%
Work affords above average pleasure	64.5	51.5	63.0	61.1	65.5	80.9
Work affords average pleasure	15.9	30.3	19.6	16.7	10.3	2.4
Work affords below average pleasure	3.7	3.0	4.4	5.5	6.9	0.0
Work and pleasure are separate and distinct	5.2	6.1	6.5	2.8	3.5	2.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Progress of Women

More than one-third of the participating corporate female officers hold the opinion that the progress rate of women in American business over the past ten years is slower than they anticipated in terms of income earned. But the majority of respondents feel that women have progressed at just about the rate they expected.

Progress of Women

		By Region				
	Total 1986	East	Midwest	South	Southwest	West
Faster than expected	7.9%	3.8%	15.2%	18.2%	7.1%	6.1%
About what expected	57.2	56.2	54.5	63.6	35.7	72.7
Slower than expected	34.9	40.0	30.3	18.2	57.2	21.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Mentors, Sponsors, and Networks

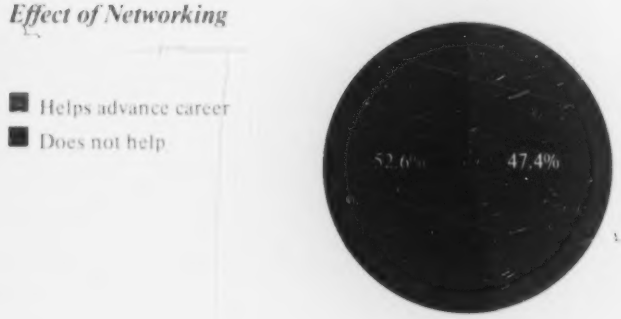
In today's competitive marketplace, American companies are placing greater emphasis on grooming talented managers. More than four of five corporate women officers enjoy counsel and support from mentors (knowledgeable counselors) and sponsors (influential supporters). In turn, more than three-fourths serve in such capacities for others.

Despite many articles in the business press endorsing the benefits that can be derived from networking in professional women's organizations, more than half of the respondents do not believe such networks help advance women's careers.

		By Age		
	Total 1986	Under 40	40–49	50+
Had one or more mentors	81.5%	80.3%	82.9%	81.6%
Had one or more sponsors	83.7	84.1	84.6	80.8
Served as a mentor	83.0	77.0	86.4	83.7
Served as a sponsor	76.5	71.2	87.3	65.2

Results do not add to 100% due to multiple responses.

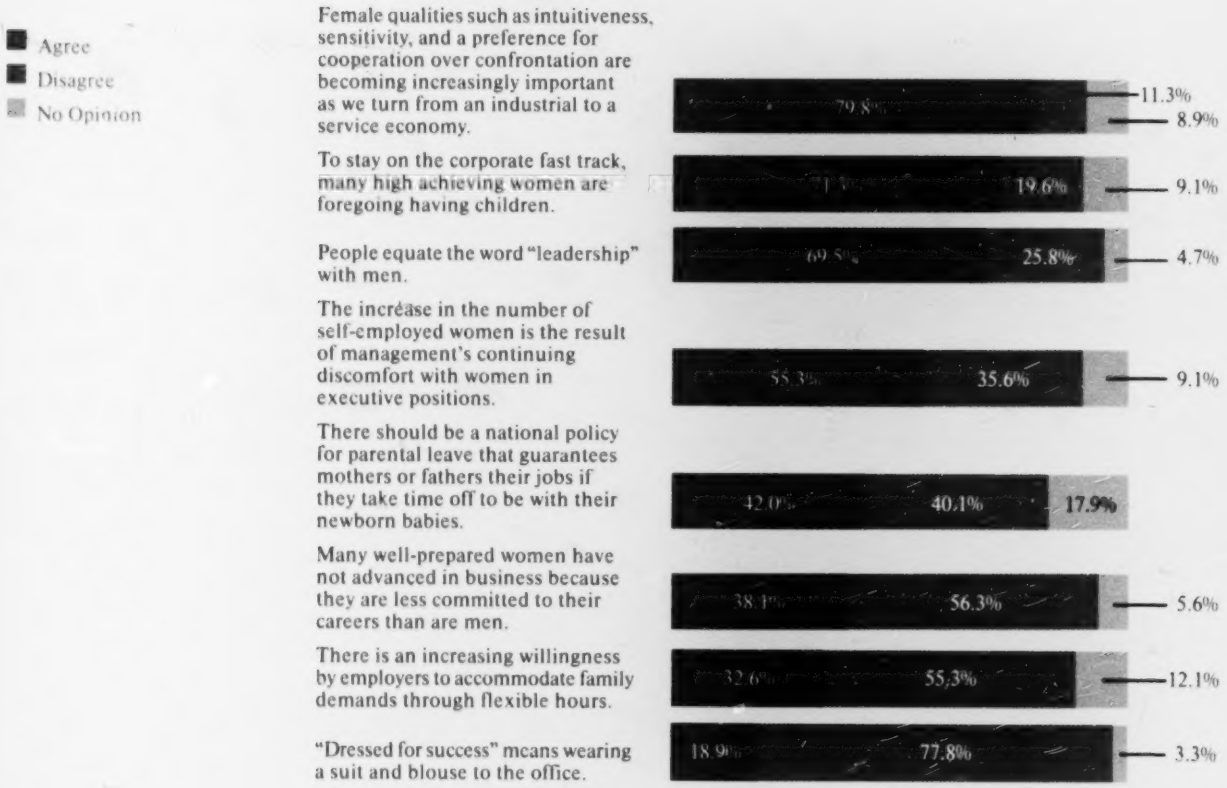
Effect of Networking



Most Influential Woman in Business

Although no one prominent woman executive received a majority endorsement, Katharine Graham, Chairman and CEO of The Washington Post Company, was most frequently named the most influential woman in American business today.

Views


Agree
Disagree
No Opinion
Female qualities such as intuitiveness, sensitivity, and a preference for cooperation over confrontation are becoming increasingly important as we turn from an industrial to a service economy.
79.8%
11.3%
8.9%
To stay on the corporate fast track, many high achieving women are foregoing having children.
19.6%
9.1%
People equate the word "leadership" with men.
69.5%
25.8%
4.7%
The increase in the number of self-employed women is the result of management's continuing discomfort with women in executive positions.
55.3%
35.6%
9.1%
There should be a national policy for parental leave that guarantees mothers or fathers their jobs if they take time off to be with their newborn babies.
42.0%
40.1%
17.9%
Many well-prepared women have not advanced in business because they are less committed to their careers than are men.
38.1%
56.3%
5.6%
There is an increasing willingness by employers to accommodate family demands through flexible hours.
32.6%
55.3%
12.1%
"Dressed for success" means wearing a suit and blouse to the office.
18.9%
77.8%
3.3%

About Heidrick and Struggles

For more than three decades, Heidrick and Struggles has devoted its full resources and capabilities to providing superior executive search services worldwide. Client organizations within every one of the world's major industries retain Heidrick and Struggles to identify, evaluate, and attract high caliber executive talent for specific opportunities within middle and top management, and for boards of directors. One of the best known and most experienced in executive selection, the firm comprises more than 80 professionals, supported by a sophisticated information base in a network of 19 offices located in major business centers in the United States and Europe.

To contribute to the body of knowledge available on senior management, Heidrick and Struggles periodically publishes profiles on incumbents in key management posts. The firm is pleased to add this publication to others it produces to report trends of significance to directors and senior management.

Publications

A list of recent Heidrick and Struggles publications appears below. Copies and prices are available from the firm's Communications/Public Relations Department in Chicago.

United States

The Changing Board
A survey of chairmen and the boards they direct (issued annually since 1966)

Director Data
Chief Executive Officer
Information/Technology Chief Executive Officer
Health Care Chief Executive
Profile of a Chief Financial Officer
Profile of a Chief International Officer
Profile of a Bank and Bank Holding Company Chief Executive Officer
Human Resources: Function in Transition
Research and Development
Mobile Manager
The Corporate Woman Officer

The Search for Management
Services of an executive search consulting firm

Europe

Le Talent De Diriger
Chief Executive Officer Data
The UK Chief Executive and His Outlook
The Characteristics of Newly Appointed CEOs in the UK
Profile of the Chief Financial Officer in the United Kingdom
Leiter Finanz- und Rechnungswesen Deutschland
Chief Marketing Executive in the United Kingdom
Marketingleiter Deutschland
Der Marketing-Leiter in der EDV-Branche
Profile of a Chief International Officer
I a Mobilità dell' Alta Direzione in Italia
Leiter Personalwesen in Deutschland
Le Directeur Du Personnel Dans Les Benelux
Profile of a Chief Personnel Executive in the United Kingdom
Profil du Directeur du Personnel en France
Top Management in the UK Computing Industry
Information Technology—The Management of Change in the UK

The Search for Management in Europe
Brochure describing the services of an executive search consulting firm in Europe (available in Dutch, English, French, and German)

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Financial Services Chief Executive

Heidrick and Struggles

Consultants in Executive Search

About This Study

Heidrick and Struggles conducted this survey of financial services chief executives to contribute to a better understanding of leadership in the financial services industry. Members of our survey sample head the nation's largest commercial banks, life insurance companies, property/casualty insurance companies, savings and loan associations, investment management companies, brokerage firms/investment banks, and mortgage banks. Responses were received from 28.3 percent of the 692 individuals surveyed.

Heidrick and Struggles is grateful to the participating financial services chief executives who took the time and effort necessary to make this study possible.

Findings of a study of chief executives of America's largest financial services organizations

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Introduction

Deregulation has forever altered the financial services industry. Gone are the standard definitions for the organizations comprising it, taking with them the traditional lines that differentiated the products and services each offered. Now financial services companies compete intensely, even as new rivals boldly venture into this arena.

What kind of leaders are guiding America's largest financial services institutions through this evolutionary period? They are seasoned professionals who have come up through the ranks. Respondents to our survey have been with their present companies an average of 18.4 years, the last 6.5 of which they have spent as chief executives. Two-thirds were promoted to their current positions from within their organizations and designate backgrounds in finance or sales and marketing.

These CEOs keenly perceive that competition has never been so fierce—nor customers so fickle. Seven of ten participants recognize that service and product quality and convenience are the major factors consumers consider when choosing a financial services organization, not present or prior relationships. And an overwhelming majority of respondents think technological advances in the industry are driven more by competition than by consumer demand.

Given this aggressive environment, it is not surprising that financial services chief executives view developing and marketing new products or services of vital importance. Three of five participants indicate their organizations are planning to do so during the next five years. Of these, more than half name insurance products or mutual funds as the additional offerings slated.

Respondents know that organizational success does not depend simply on marketing plans. People are key. These executives believe that attracting and retaining talented people is the most significant issue currently facing the industry. But they do not equate talent with educational credentials. Though half of the respondents hold advanced degrees, almost three-fourths believe that newly graduated M.B.A.s from prestigious institutions are not worth the large salaries they now command. They point to characteristics such as leadership ability, hard work, and record of success as the primary factors that advance careers. These are traits that can weather the tides of change the financial services industry faces.

And persevere is what responding financial services chief executives mean to do. An overwhelming majority plan to retire from their present posts, an indication that they are "in for the duration." With an average age of 54, these CEOs intend to devote nine more years to their organizations, meeting the challenges posed by a deregulated market. Considering their career agendas, it is understandable that five of six participants believe that chief executives enjoy their work more than executives at other levels.

David R. Peasback
President and CEO
Heidrick and Struggles

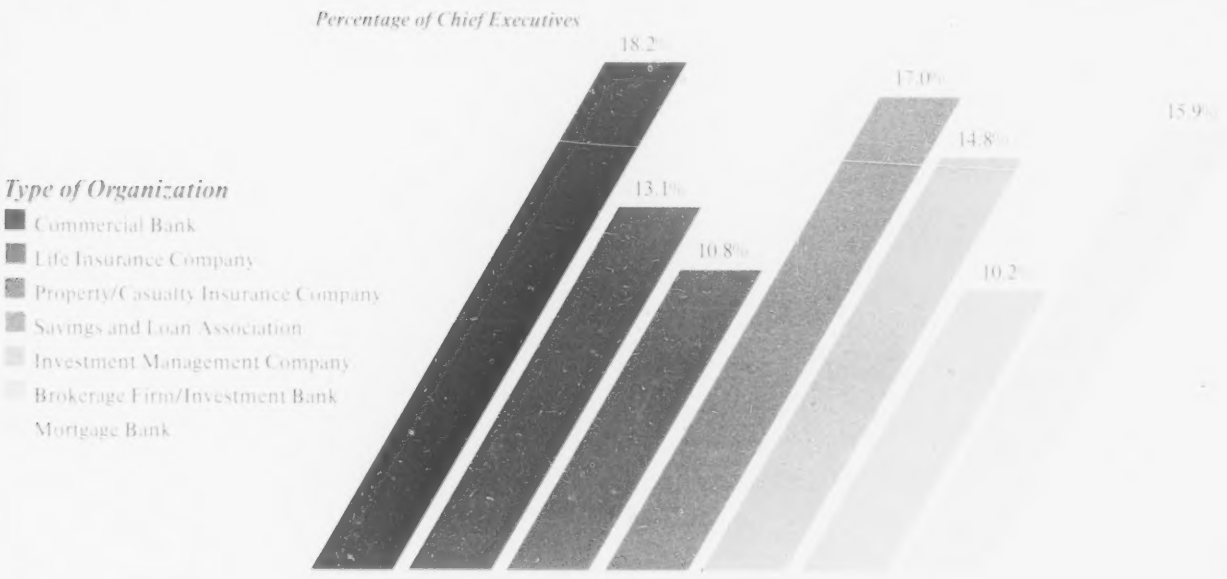
Highlights

The typical financial services chief executive in our study:

- ☐ Is a 54-year-old white Protestant male, married to his first spouse
- ☐ Holds an advanced degree
- ☐ Earns average annual cash compensation (base and bonus) of $389,200
- ☐ Has worked for three employers thus far in his career, and attained his present position by promotion from within
- ☐ Devotes 61 hours a week to work and spends less than one-fourth of this time on business travel
- ☐ Sits on three corporate boards, including his own
- ☐ Has identified a possible successor to himself as CEO
- ☐ Believes that quality of services/products and convenience are the two major factors consumers consider when selecting a financial services organization
- ☐ Indicates attracting and retaining talented people is the most significant issue facing the financial services industry
- ☐ Holds the view that newly graduated M.B.A.s from prestigious institutions are not worth the large salaries they currently command in the financial services industry

Organizations Represented

Responding chief executives head seven different types of financial services organizations.



Location

More than two-thirds of the respondents head organizations headquartered in the East or Midwest. Almost seven of ten investment management company chief executives are based in the East, while half the property/casualty insurance CEOs are in the Midwest.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
East	37.2%	33.3%	39.1%	11.1%	37.9%	68.0%	43.8%	20.8%
Midwest	30.6	43.3	34.8	50.0	17.3	16.0	31.2	20.8
South	9.8	6.7	8.7	16.7	6.9	4.0	18.8	12.5
Southwest	4.9	6.7	8.7	5.5	0.0	0.0	0.0	8.4
West	17.5	10.0	8.7	16.7	37.9	12.0	6.2	37.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Title

Almost three-fourths of participating financial services chief executives hold the "CEO" title, either alone or combined with another designation. "Chairman" is the sole title for three of eight brokerage firm/investment bank top executives.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Chairman	6.3%	3.1%	8.7%	0.0%	0.0%	7.7%	37.4%	3.6%
Chairman and President	6.8	3.1	8.7	16.7	10.3	7.7	0.0	7.1
Chairman and CEO	38.5	68.8	30.5	16.7	62.1	23.1	43.7	7.1
Chairman, CEO, and President	4.7	6.2	4.3	11.1	6.9	7.7	0.0	0.0
President and CEO	28.6	18.8	39.1	27.8	13.8	23.1	6.3	64.3
President	10.4	0.0	8.7	22.2	0.0	19.2	6.3	17.9
CEO	3.1	0.0	0.0	5.5	6.9	0.0	6.3	0.0
Vice Chairman	1.6	0.0	0.0	0.0	0.0	11.5	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Present Company

Responding financial services chief executives have been with their present companies an average of 18.4 years, 6.5 of which have been spent as CEO. One-third have been with the same organization for more than 25 years, although only 3.6 percent of mortgage bank chief executives have been with their present employers for that length of time.

Years with Present Employer	*Total*	*By Industry*						
		Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Less than 6	21.1%	18.8%	17.4%	31.6%	30.0%	4.0%	5.9%	39.3%
6–10	12.4	21.9	0.0	0.0	10.0	4.0	0.0	32.1
11–15	15.4	12.5	8.7	10.5	36.6	20.0	17.6	7.1
16–20	12.4	6.2	17.4	15.8	10.0	20.0	5.9	14.3
21–25	5.7	6.2	0.0	0.0	0.0	12.0	11.8	3.6
26–30	10.3	9.4	17.4	5.3	6.7	16.0	23.6	3.6
31–35	13.9	15.6	17.4	15.8	6.7	20.0	17.6	0.0
More than 35	8.8	9.4	21.7	21.0	0.0	4.0	17.6	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	18.4	18.3	24.3	20.8	12.4	22.6	25.7	9.0

Years in Present Post	*Total*	*By Industry*						
		Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Less than 6	59.0%	62.5%	56.5%	57.9%	56.7%	52.0%	55.6%	82.1%
6–10	21.0	28.1	17.4	15.8	33.3	12.0	16.7	10.7
11–15	8.7	6.3	21.7	5.3	3.3	4.0	5.5	3.6
16–20	8.2	3.1	4.4	0.0	6.7	32.0	16.7	3.6
21–25	3.1	0.0	0.0	21.0	0.0	0.0	5.5	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	6.5	5.2	6.6	8.2	5.3	9.0	7.8	4.2

Source of Present Position

Almost two-thirds of responding financial services CEOs attained their present positions by promotion from within. Two of three obtained their posts through the initiative of either the board or their predecessors. This ratio increases to four of five for brokerage firm/investment bank CEOs.

Unlike their industry peers, none of the brokerage firm/investment bank participants gained their current positions through the efforts of executive search firms.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Initiative of predecessor	29.0%	46.4%	45.5%	33.3%	14.3%	37.5%	43.8%	7.1%
Initiative of board	37.7	25.0	31.8	33.3	46.4	33.3	37.5	42.9
Executive search firm	14.7	17.8	13.7	5.6	21.4	4.2	0.0	21.4
Personal contact	7.7	3.6	4.5	5.6	3.6	16.6	6.2	17.9
Company approached individual	3.8	3.6	4.5	16.6	3.6	4.2	0.0	0.0
Promotion	3.3	3.6	0.0	0.0	10.7	0.0	0.0	3.6
Other	3.8	0.0	0.0	5.6	0.0	4.2	12.5	7.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Background Experience

As expected, two-thirds of responding financial services chief executives indicate backgrounds in finance or sales/marketing. For those aged 40–49, four of five participants have functional expertise in these areas. One of five CEOs aged 60 and older has a background in law, compared with fewer than one of ten industry-wide who has experience in this field.

		By Age			
	Total	Under 40	40–49	50–59	60+
Finance	44.6%	33.3%	56.4%	41.1%	38.1%
Sales/Marketing	22.3	16.7	23.6	22.2	21.4
Operations	14.0	33.3	10.9	14.4	14.3
Law	9.3	16.7	5.5	5.6	21.4
Actuarial	1.6	0.0	0.0	3.3	0.0
Research	1.0	0.0	0.0	2.2	0.0
Other	7.2	0.0	3.6	11.2	4.8
	100.0%	100.0%	100.0%	100.0%	100.0%

Cash Compensation

The annual average total cash compensation (base and bonus) reported by responding financial services chief executives is $389,200. Participants who head brokerage firm/investment banking organizations are the most highly compensated, with three of ten averaging $1 million or more a year. Responding CEOs of mortgage banks earn the least, an annual average of $227,800.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Less than $100,000	1.1%	0.0%	0.0%	10.5%	0.0%	0.0%	0.0%	0.0%
$100,000–249,999	29.4	11.1	9.1	36.8	20.7	34.6	17.6	71.4
$250,000–499,999	44.9	44.5	68.2	42.1	62.1	30.8	35.3	25.0
$500,000–699,999	16.0	29.6	18.2	5.3	13.8	23.1	17.6	0.0
$700,000–999,999	5.4	14.8	4.5	5.3	0.0	11.5	0.0	3.6
More than $999,999	3.2	0.0	0.0	0.0	3.4	0.0	29.5	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$389,200	$456,000	$414,000	$259,800	$378,500	$408,200	$673,800	$227,800

Perquisites

The majority of responding financial services chief executives receive town club memberships, automobiles, extra life insurance, and stock options as perquisites. Seven of ten participating savings and loan association CEOs are also awarded management contracts. Only one of five respondents industry-wide reports having this perk.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Town club membership	65.1%	84.4%	73.9%	63.2%	75.9%	61.5%	55.6%	46.4%
Automobile	63.6	71.9	52.2	89.5	93.1	7.7	16.7	78.6
Extra life insurance	54.9	68.8	26.1	57.9	58.6	69.2	27.8	71.4
Stock options	50.8	62.5	39.1	47.4	79.3	23.1	22.2	64.3
Deferred compensation	49.2	65.6	47.8	36.8	58.6	42.3	33.3	46.4
Country club membership	45.1	71.9	39.1	63.2	44.8	19.2	27.8	53.6
Financial counseling	33.8	43.8	26.1	26.3	44.8	42.3	11.1	17.9
Performance shares	21.0	28.1	26.1	26.3	10.3	30.8	11.1	14.3
Management contract	20.0	18.8	4.3	10.5	69.0	3.8	5.6	10.7
Low-cost loans	15.9	9.4	4.3	10.5	44.8	11.5	0.0	25.0
Other	5.6	6.3	4.3	0.0	3.4	15.4	16.7	0.0
None of these	6.2	0.0	4.3	10.5	0.0	3.8	22.2	10.7

Results do not add to 100% due to multiple responses.

Directorships

The typical responding financial services chief executive is a member of three corporate boards, including his own. Participating investment management company CEOs sit on twice as many boards as their industry peers. Understandably, almost three-fourths of the respondents would not serve on a board that did not provide D&O (director and officer) liability insurance.

Number of Corporate Directorships, Including Own Company	*Total*	*By Industry*						
		Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
None	11.7%	16.1%	4.4%	10.5%	10.7%	9.1%	11.1%	14.3%
One	24.5	25.8	26.1	31.6	32.1	9.1	27.8	25.0
Two–three	33.5	19.4	39.1	21.0	39.3	9.1	38.9	57.1
Four–five	17.0	32.3	21.7	15.8	14.3	22.7	16.7	3.6
Six–ten	11.7	6.4	8.7	15.8	3.6	40.9	5.5	0.0
More than ten	1.6	0.0	0.0	5.3	0.0	9.1	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.9	2.5	3.0	3.3	2.0	5.6	2.4	1.7

Would you serve on a board that did not offer D&O liability insurance?	*Total*	*By Industry*						
		Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Yes	27.1%	25.0%	0.0%	0.0%	36.7%	68.0%	44.4%	11.1%
No	72.9	75.0	100.0	100.0	63.3	32.0	55.6	88.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Personal

The typical financial services chief executive is white, male, Protestant, and married to his first spouse. He is a three-year military veteran and plans to retire from his present position at age 63.

		By Industry						
Age	*Total*	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Under 40	3.0%	0.0%	0.0%	10.5%	0.0%	3.9%	0.0%	7.1%
40–49	28.1	15.6	13.0	36.8	20.0	19.2	22.2	67.9
50–59	46.9	62.5	43.5	36.8	63.3	42.3	55.6	21.4
60–69	18.4	21.9	39.1	10.5	16.7	23.1	11.1	3.6
70+	3.6	0.0	4.4	5.4	0.0	11.5	11.1	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	53.9	54.4	56.9	53.0	53.5	56.7	57.2	46.8

		By Age				
		Total	Under 40	40–49	50–59	60+
Gender	Male	100.0%	100.0%	100.0%	100.0%	100.0%
	Female	0.0	0.0	0.0	0.0	0.0
		100.0%	100.0%	100.0%	100.0%	100.0%
Religion	Protestant	66.7%	0.0%	61.1%	71.4%	73.2%
	Roman Catholic	20.3	66.6	27.8	14.3	17.0
	Jewish	5.2	16.7	0.0	7.7	4.9
	Other	2.6	0.0	3.7	3.3	0.0
	None	5.2	16.7	7.4	3.3	4.9
		100.0%	100.0%	100.0%	100.0%	100.0%
Race	White	98.5%	100.0%	96.4%	98.9%	100.0%
	Hispanic	1.0	0.0	3.6	0.0	0.0
	Asian	0.5	0.0	0.0	1.1	0.0
		100.0%	100.0%	100.0%	100.0%	100.0%
Marital Status	Single, never married	1.0%	0.0%	3.6%	0.0%	0.0%
	Married to first spouse	75.5	66.7	70.9	79.3	74.4
	Separated or divorced, not remarried	6.1	0.0	7.3	8.7	0.0
	Divorced, remarried	13.3	33.3	18.2	6.5	18.6
	Widowed, remarried	3.1	0.0	0.0	4.4	4.7
	Widowed, not remarried	1.0	0.0	0.0	1.1	2.3
		100.0%	100.0%	100.0%	100.0%	100.0%

		Total	By Age			
			Under 40	40–49	50–59	60+
Were you in the military?	Yes	71.1%	20.0%	60.0%	73.9%	85.7%
	No	28.9	80.0	40.0	26.1	14.3
		100.0%	100.0%	100.0%	100.0%	100.0%
Intended Age of Retirement	Before 55	0.8%	0.0%	4.3%	0.0%	0.0%
	55–59	14.7	0.0	43.5	12.9	0.0
	60–64	34.9	100.0	34.8	50.0	2.9
	65–69	42.6	0.0	13.1	34.3	80.0
	70–75	6.2	0.0	4.3	2.8	14.2
	After 75	0.8	0.0	0.0	0.0	2.9
		100.0%	100.0%	100.0%	100.0%	100.0%
	Mean	62.8	60.0	58.7	62.3	66.4

Highest Educational Attainment

Fully half the responding chief executives hold advanced degrees, with almost two-thirds of the participants aged 40–49 in this category. As might be expected, the M.B.A. is the most popular course of post-graduate study, except for those 60 or older. For this group of executives, the J.D./LL.B. degree is as prevalent as the M.B.A.

	Total	By Age			
		Under 40	40–49	50–59	60+
High school diploma	3.6%	0.0%	5.5%	2.2%	4.7%
Bachelor's degree	45.9	50.0	29.1	56.5	44.2
M.B.A.	25.0	33.3	43.6	15.2	20.9
J.D./LL.B.	11.7	16.7	9.1	8.7	20.9
Other Master's degree	8.7	0.0	9.1	12.0	2.3
Two Master's degrees	0.5	0.0	0.0	0.0	2.3
Other professional degree	0.5	0.0	0.0	1.1	0.0
Doctorate	4.1	0.0	3.6	4.3	4.7
	100.0%	100.0%	100.0%	100.0%	100.0%

Number of Full-Time Employers

Responding financial services chief executives have had three full-time employers thus far in their careers. The greatest mobility is indicated by the heads of savings and loan associations. Brokerage firm/investment bank chiefs have changed organizations the fewest number of times and report the longest tenure with their present employers.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
One	26.1%	34.4%	40.9%	22.2%	14.8%	33.4%	35.3%	3.6%
Two	25.5	18.7	9.1	44.4	29.6	8.3	47.0	28.6
Three	22.9	15.6	45.5	5.6	7.4	41.7	11.8	32.2
Four	14.9	12.5	4.5	11.1	33.4	8.3	5.9	21.4
Five	5.3	9.4	0.0	11.1	3.7	8.3	0.0	7.1
Six or more	5.3	9.4	0.0	5.6	11.1	0.0	0.0	7.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.7	2.8	2.1	2.6	3.3	2.5	1.9	3.2

Geographic Relocation

Three geographic relocations are characteristic for responding financial services chief executives. However, two of seven have never moved during the course of their careers, in contrast to participants heading property/casualty insurance companies who have relocated an average of four times.

		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
None	28.2%	31.3%	18.2%	27.7%	24.2%	60.0%	60.0%	0.0%
One	15.4	15.6	13.6	5.6	13.8	12.0	26.7	21.4
Two	15.9	31.3	13.6	5.6	10.3	20.0	13.3	10.7
Three	12.8	3.1	36.4	5.6	13.8	4.0	0.0	28.6
Four	14.4	6.2	9.1	16.6	20.7	0.0	0.0	32.1
Five–nine	10.1	12.5	9.1	33.3	10.3	0.0	0.0	7.2
More than nine	3.2	0.0	0.0	5.6	6.9	4.0	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.5	1.8	2.4	3.7	3.1	1.3	0.5	2.9

Hours and Attitude Toward Work

Responding financial services chief executives devote an average of 60.6 hours weekly to business, less than one-fourth of which is spent traveling. Despite heavy schedules, five of six believe that chief executives enjoy their work more than executives at other levels.

Hours Devoted Weekly to Business	*Total*	*By Industry*						
		Commercial Bank	*Life Insurance Company*	*Property/Casualty Insurance Company*	*Savings and Loan Association*	*Investment Management Company*	*Brokerage Firm/ Investment Bank*	*Mortgage Bank*
Fewer than 50	2.6%	3.1%	0.0%	5.3%	0.0%	3.8%	11.1%	0.0%
50–59	29.7	12.5	22.7	15.8	43.3	30.8	33.3	39.3
60–69	46.2	53.1	40.9	63.1	43.3	38.5	27.8	50.0
70–79	17.9	18.8	36.4	15.8	13.4	15.4	27.8	10.7
More than 79	3.6	12.5	0.0	0.0	0.0	11.5	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	60.6	63.2	62.9	59.9	58.8	62.2	58.7	59.2

Do chief executives enjoy their work more than other executives?	*Total*	*By Industry*						
		Commercial Bank	*Life Insurance Company*	*Property/Casualty Insurance Company*	*Savings and Loan Association*	*Investment Management Company*	*Brokerage Firm/ Investment Bank*	*Mortgage Bank*
Yes	83.9%	74.2%	78.3%	78.9%	86.7%	96.0%	88.9%	85.2%
No	16.1	25.8	21.7	21.1	13.3	4.0	11.1	14.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Vacation and Leisure Time

Five of eight responding financial services chief executives have taken at least three weeks of vacation during the past year. Despite the demands of their posts, almost three-fourths of the participants feel they have sufficient time to spend with their families. However, CEOs are divided in their opinions toward having sufficient time for outside interests.

		By Industry						
Weeks of Vacation Taken	*Total*	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
None	3.1%	0.0%	0.0%	5.3%	6.7%	3.8%	0.0%	3.6%
Less than one	2.6	0.0	0.0	10.5	3.3	3.8	0.0	3.6
One	10.2	12.5	18.2	26.3	6.7	7.7	0.0	7.1
Two	20.5	15.6	18.2	10.5	26.7	7.7	16.7	32.2
Three	30.3	21.9	18.2	15.8	33.3	50.0	27.8	46.4
Four or more	33.3	50.0	45.4	31.6	23.3	27.0	55.5	7.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

		By Industry						
Do you feel you have sufficient time to spend with:	*Total*	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Family								
Yes	72.9%	77.4%	77.3%	66.7%	76.7%	52.0%	88.9%	67.9%
No	27.1	22.6	22.7	33.3	23.3	48.0	11.1	32.1
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

		By Industry						
Outside Interests	*Total*	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Yes	49.7%	53.1%	63.6%	41.2%	50.0%	48.0%	50.0%	40.7%
No	50.3	46.9	36.4	58.8	50.0	52.0	50.0	59.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Succession Planning

The percentage of participating financial services CEOs who have identified possible successors increases with age. More than nine of ten respondents who are 60 or older have suggested their replacements, while only one of six in the under-40 age group has done so. Interestingly, seven of nine financial services chiefs acted on their own initiative when planning for management succession, rather than doing so at the request of the board.

Of the respondents who have chosen a successor, more than two-thirds have made their recommendations known to their boards. Again, the proportion of those who have taken this action increases with age.

			By Age			
		Total	Under 40	40–49	50–59	60
Have you identified a possible successor(s) to yourself as CEO?	Yes	63.5%	16.7%	40.0%	68.2%	90.6%
	No	15.1	50.0	30.9	7.9	4.7
	Not yet	21.4	33.3	29.1	23.9	4.7
		100.0%	100.0%	100.0%	100.0%	100.0%
Has your choice(s) been identified to the board?	Yes	67.8%	0.0%	40.9%	67.8%	84.6%
	No	19.8	0.0	45.5	18.6	7.7
	Not yet	12.4	100.0	13.6	13.6	7.7
		100.0%	100.0%	100.0%	100.0%	100.0%
Did you do so at the request of the board?	Yes	21.3%	NA	16.7%	16.3%	30.3%
	No	78.7	NA	83.3	83.7	69.7
		100.0%	NA	100.0%	100.0%	100.0%

Factors Contributing to Professional Success

Leadership ability, hard work, and record of success are the most significant factors that responding financial services chief executives point to as contributing to their success. In that regard, they do not differ from other high-level executives recently surveyed who indicate leadership, accomplishment, and hard work as the primary reasons for their advancement.

Criteria for Selecting a Financial Services Organization

An overwhelming majority of responding chief executives believe quality of services/products and convenience are the two major factors consumers consider when selecting a financial services organization. Only one percent of the participants think advertising is the primary criterion upon which potential customers base their choices.

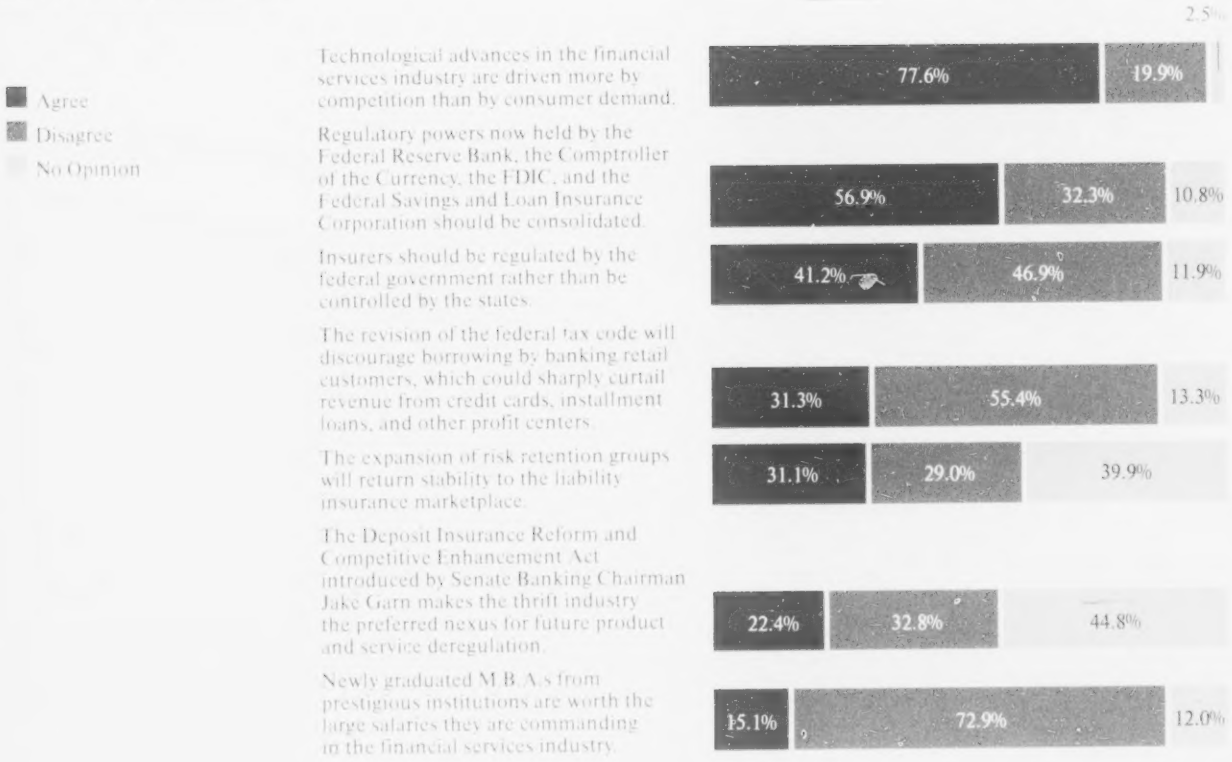
		By Industry						
	Total	Commercial Bank	Life Insurance Company	Property/Casualty Insurance Company	Savings and Loan Association	Investment Management Company	Brokerage Firm/ Investment Bank	Mortgage Bank
Quality of services/products	41.5%	18.8%	50.0%	52.9%	26.7%	57.7%	62.4%	44.5%
Convenience	30.3	65.6	27.3	11.8	53.3	11.6	0.0	22.2
Present or prior relationship	9.0	3.1	0.0	0.0	10.0	7.7	25.0	14.8
Word of mouth	5.3	3.1	4.5	0.0	0.0	15.4	6.3	0.0
Availability of services/products	4.8	6.3	4.5	5.9	6.7	0.0	0.0	7.4
Cost of services/products	4.3	0.0	0.0	29.4	3.3	0.0	0.0	7.4
Sales representative	1.6	0.0	13.7	0.0	0.0	0.0	0.0	0.0
Advertising	1.1	0.0	0.0	0.0	0.0	3.8	0.0	3.7
Other	2.1	3.1	0.0	0.0	0.0	3.8	6.3	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Challenges Facing the Financial Services Industry

Responding chief executives believe that attracting and retaining talented people is the most significant issue facing the financial services industry today. Next in importance is developing/offering/marketing new products or services.

Three of five participants indicate that their organizations are planning to introduce new financial products and/or services in the next five years. Of these CEOs, more than half name insurance products or mutual funds as the additional offerings slated. However, five of nine respondents state such marketing efforts will have little or no effect on how they define their institutions.

Views of Financial Services Chief Executives


Agree
Disagree
No Opinion
Technological advances in the financial services industry are driven more by competition than by consumer demand.
77.6%
19.9%
2.5%
Regulatory powers now held by the Federal Reserve Bank, the Comptroller of the Currency, the FDIC, and the Federal Savings and Loan Insurance Corporation should be consolidated.
56.9%
32.3%
10.8%
Insurers should be regulated by the federal government rather than be controlled by the states.
41.2%
46.9%
11.9%
The revision of the federal tax code will discourage borrowing by banking retail customers, which could sharply curtail revenue from credit cards, installment loans, and other profit centers.
31.3%
55.4%
13.3%
The expansion of risk retention groups will return stability to the liability insurance marketplace.
31.1%
29.0%
39.9%
The Deposit Insurance Reform and Competitive Enhancement Act introduced by Senate Banking Chairman Jake Garn makes the thrift industry the preferred nexus for future product and service deregulation.
22.4%
32.8%
44.8%
Newly graduated M.B.A.s from prestigious institutions are worth the large salaries they are commanding in the financial services industry.
15.1%
72.9%
12.0%

About Heidrick and Struggles

For more than three decades, Heidrick and Struggles has devoted its full resources and capabilities to providing superior executive search services worldwide. Client organizations within every one of the world's major industries retain Heidrick and Struggles to identify, evaluate, and attract high caliber executive talent for specific opportunities within middle and top management, and for boards of directors. One of the best known and most experienced in executive selection, the firm comprises more than 80 professionals, supported by a sophisticated information base in a network of 19 offices located in major business centers in the United States and Europe.

To contribute to the body of knowledge available on senior management, Heidrick and Struggles periodically publishes profiles on incumbents in key management posts. The firm is pleased to add this publication to others it produces to report trends of significance to directors and senior management.

Publications

A list of recent Heidrick and Struggles publications appears below. Copies and prices are available from the firm's Communications/Public Relations Department in Chicago.

United States

The Changing Board
A survey of chairmen and the boards they direct (issued annually since 1966)

Director Data
Chief Executive Officer
Financial Services Chief Executive
Information/Technology Chief Executive Officer
Health Care Chief Executive
Profile of a Chief Financial Officer
Profile of a Chief International Officer
Profile of a Bank and Bank Holding Company Chief Executive Officer
Human Resources: Function in Transition
Research and Development
Mobile Manager
The Corporate Woman Officer

The Search for Management
Services of an executive search consulting firm

Europe

Le Talent De Diriger
Chief Executive Officer Data
The UK Chief Executive and His Outlook
The Characteristics of Newly Appointed CEOs in the UK
Profile of the Chief Financial Officer in the United Kingdom
Leiter Finanz- und Rechnungswesen Deutschland
Chief Marketing Executive in the United Kingdom
Marketingleiter Deutschland
Der Marketing-Leiter in der EDV-Branche
Profile of a Chief International Officer
La Mobilità dell'Alta Direzione in Italia
Leiter Personalwesen in Deutschland
Le Directeur Du Personnel Dans Les Benelux
Profile of a Chief Personnel Executive in the United Kingdom
Profil du Directeur du Personnel en France
Top Management in the UK Computing Industry
Information Technology—The Management of Change in the UK

The Search for Management in Europe
Brochure describing the services of an executive search consulting firm in Europe (available in Dutch, English, French, and German)

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Chief Executive Officer

Heidrick and Struggles

Consultants in Executive Search

About This Study

Heidrick and Struggles conducted this survey of chief executive officers of *Fortune* 1000 parent organizations to contribute to a better understanding of leadership positions. Members of our survey sample head 897 of the nation's largest industrial and non-industrial companies. Responses were received from 24.5 percent of the selected population.

Heidrick and Struggles is grateful to the participating chief executive officers who took the time and effort necessary to make this study possible.

Findings of a study of chief executive officers of America's largest industrial and service organizations.

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Introduction

Chief executive officers have uncertainty as a constant companion. Changes in technology, government regulations, and the nature of competition affect how they conduct business. To manage their organizations and capitalize on opportunities in the marketplace, leaders must combine traditional attributes with newly acquired skills to assure continual success for their companies.

Who are these leaders? Chief executive officers of *Fortune* 1000 companies who responded to this survey are seasoned professionals. Like the CEOs we profiled in the past, they have been with their present organizations an average of 24 years, the last six of which have been spent as the CEO. Four of five were promoted to their current positions from within their corporations, and a majority come from backgrounds in either sales/marketing or finance. Participating chief executives point to hard work, leadership ability, and "people" skills as the three factors that contributed most to their success.

In addition to these traditional attributes, responding CEOs realize that current economic conditions require more. While leadership ability still ranks number one on the list of characteristics which they believe today's chief executive needs, it is followed by the ability to think conceptually and strategic planning expertise. In fact, five of seven participants cite greater involvement with strategic planning as an important way in which the role of CEO has changed in the last five years. And more than one-fifth expect that they will be even more involved with strategic planning during the next five years.

However, respondents know that their own skills are not enough to move their organizations forward. If they are to attain their corporate objectives, they need strong support. That includes competent executives to head the functional areas CEOs consider to be the most critical to the success of their companies: finance, marketing, and human resources. In hiring their top management teams, they look for the qualities of personal integrity, the ability to execute strategies, and creativity. The ethical behavior of their managers also concerns them.

Business ethics are under scrutiny. Nine of ten responding chief executive officers indicate that their corporations have developed written "conduct" guidelines to assure that their managers follow ethical business practices. Of those CEOs who head organizations that have not yet instituted such policies, one of four plan to do so within the next two years. Additionally, almost two-thirds of the participants believe that present SEC rules allowing investors up to 10 days to file when accumulating more than five percent of a company's shares should be modified. Three-fourths who support this stance believe that doing so will help avoid insider trading scandals.

The role of CEO will continue to evolve. One-fifth of the respondents believe they will have more "hands-on" involvement in the management of their companies during the next five years, and almost an equal percentage think that they will spend more time on government legislation and public policy. Given the complexities of their positions, it is not surprising that seven of ten chief executive officers devote 60 hours or more to business each week.

David R. Peasback
President and CEO
Heidrick and Struggles

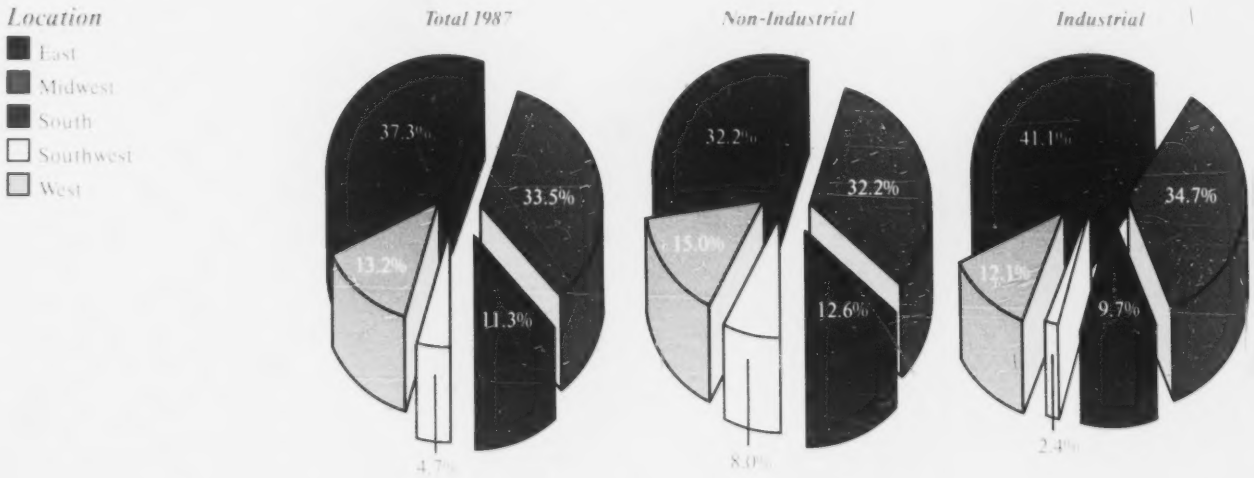
Highlights

The typical *Fortune* 1000 chief executive officer in our study:

- ☐ Is a 58-year-old white Protestant male, married to his first spouse
- ☐ Earns average annual cash compensation (base and bonus) of $590,000
- ☐ Holds a bachelor's degree
- ☐ Has been with his present company for an average of 24 years
- ☐ Has worked for three full-time employers thus far in his career and geographically relocated four times
- ☐ Devotes 61 hours a week to work and spends less than one-fourth of this time on business travel
- ☐ Sits on two corporate boards, excluding his own
- ☐ Believes finance, marketing, and human resources are the functional areas most critical to company success
- ☐ Has identified a possible successor(s) to himself as CEO and made his recommendation(s) known to his board
- ☐ Holds the view that U.S. corporations are shortsighted, sacrificing long-term growth for quarterly earnings

Company Type and Location

The majority (58.5 percent) of responding chief executive officers head industrial organizations. Of these, almost two-thirds lead $1 billion-or-more sized companies. The East is home to the greatest percentage of participants, while the smallest proportion is found in the Southwest.



Title

Eight of nine respondents hold the "CEO" title, either alone or combined with another designation. "Chairman and CEO" is the most popular title, especially in industrial organizations with sales volumes of $1–1.9 billion, where three-fourths of the participants carry this designation.

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1–1.9B*	*Less than $1B*
Chairman	3.7%	4.5%	3.2%	4.1%	0.0%	4.4%
Chairman and President	7.8	11.2	5.6	8.2	3.1	4.4
President and CEO	23.4	28.1	19.8	18.4	15.6	24.5
Chairman and CEO	54.1	50.6	56.3	53.0	75.0	46.7
Chairman, CEO, and President	9.6	4.5	13.5	14.3	6.3	17.8
CEO	0.5	0.0	0.8	0.0	0.0	2.2
Other	0.9	1.1	0.8	2.0	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Cash Compensation

Average total annual cash compensation (base and bonus) reported by responding chief executive officers is $590,000. This figure represents a 24.6 percent increase from the 1984 mean of $473,500.

Participants who head industrial organizations with sales volumes of $2 billion or more are the most highly compensated. Two-thirds in this category earn $700,000 or more annually, and one of five makes $1 million or more a year.

Total Cash Compensation (base and bonus)

				Industrials by Size			
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1–1.9B*	*Less than $1B*	*Total 1984*
Less than $250,000	3.3%	2.4%	4.1%	0.0%	3.0%	9.3%	8.5%
$250,000–499,999	40.7	48.8	35.2	15.2	36.4	55.8	54.4
$500,000–699,999	25.4	15.5	32.0	19.6	48.5	32.6	21.6
$700,000–999,999	21.5	23.8	20.5	45.6	9.1	2.3	12.5
More than $999,999	9.1	9.5	8.2	19.6	3.0	0.0	3.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	$590,000	$577,000	$590,000	$788,000	$533,000	$423,000	$473,500

Perquisites

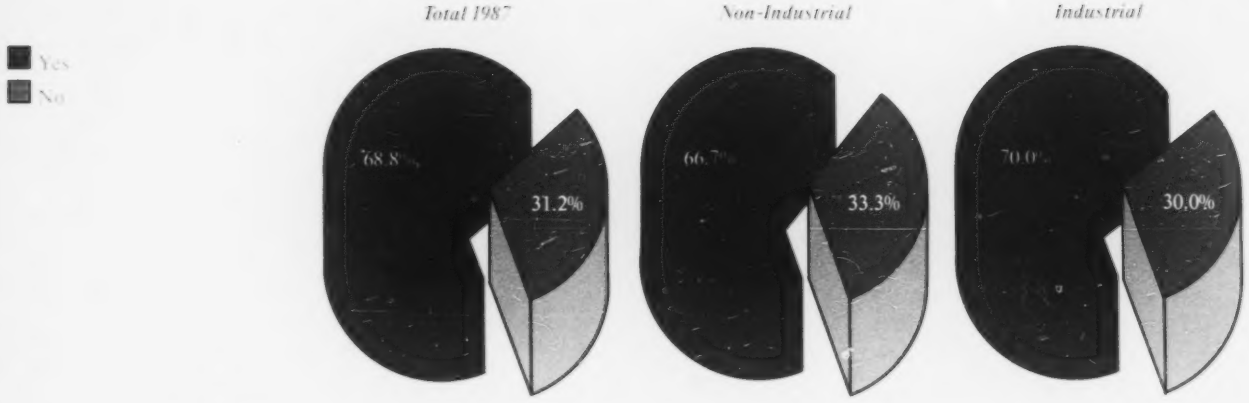
D&O (director and officer) liability insurance, stock options, town club memberships, extra life insurance, automobiles, financial counseling, and deferred compensation rank as the most prevalent perks for responding chief executives. Additionally, more than three of seven report receiving first class air travel, country club memberships, and management contracts.

The greatest increase in incidence, almost 30 percent since 1984, has been in D&O liability insurance. During this same period, the awarding of management contracts increased 17.2 percent. Of those participants who are granted management contracts, more than two-thirds indicate the presence of golden parachute clauses. Nine of ten in this group state that these clauses provide them with two to three years' salary.

				Industrials by Size			
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
D&O liability insurance	86.8%	83.3%	89.0%	87.8%	81.8%	95.6%	57.2%
Stock options	75.0	65.6	81.9	81.6	84.8	80.0	74.2
Town club membership	65.0	74.4	58.3	59.2	66.7	51.1	67.9
Extra life insurance	58.2	58.9	57.5	69.4	45.5	53.3	67.9
Automobile	55.0	58.9	52.0	32.7	66.7	62.2	75.5
Financial counseling	52.7	47.8	56.7	59.2	54.5	55.6	43.7
Deferred compensation	50.9	65.6	41.7	61.2	33.3	26.7	48.4
First class air travel	45.5	52.2	41.7	49.0	33.3	40.0	NA
Country club membership	45.0	50.0	40.9	46.9	21.2	48.9	54.7
Management contract	43.6	36.7	47.2	42.9	45.5	53.3	26.4
Use of company plane	41.8	32.2	48.8	71.4	42.2	28.9	NA
Car phone	39.1	50.0	30.7	49.0	21.2	17.8	NA
Performance shares	27.7	25.6	29.9	38.8	21.2	26.7	26.1
Security protection	26.8	30.0	25.2	49.0	12.1	8.9	NA
Automobile with driver	26.4	31.1	22.0	40.8	12.1	8.9	NA
Reimbursement of uninsured medical costs	15.5	17.8	13.4	16.3	3.0	17.8	NA
Legal counseling	12.3	10.0	13.4	14.3	6.1	17.8	NA
Low-cost loans	3.2	6.7	0.8	0.0	0.0	2.2	7.5
Other	3.2	6.7	0.8	0.0	0.0	2.2	NA
None of these	1.4	0.0	2.4	0.0	6.1	2.2	NA

Results do not add to 100% due to multiple responses.

Is there a golden parachute clause in your management contract?



If yes, what are its provisions?

	Total 1987	*Non-Industrial*	*Industrial*
One year's salary	6.3%	0.0%	10.0%
Two to three years' salary	90.5	95.2	87.5
Extension of benefits for at least one year	19.0	14.3	22.5
Stock options	12.7	14.3	12.5
Other	6.3	9.5	5.0

Results do not add to 100% due to multiple responses.

Present Company

Responding chief executive officers have been with their present companies an average of 23.9 years, approximately the same length of time as reported in 1984. More than three of five CEOs have been in their current positions for less than six years.

Years with Present Employers

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–$9B	Less than $1B
Less than 6	9.8%	8.1%	10.4%	6.3%	6.2%	17.8%
6–10	7.0	3.5	8.8	8.3	12.5	6.7
11–15	10.3	14.0	8.0	6.3	3.1	13.3
16–20	15.4	14.0	16.8	12.5	25.0	15.6
21–25	8.4	8.1	8.0	8.3	12.5	4.4
26–30	13.6	14.0	13.6	16.7	12.5	11.1
31–35	18.7	23.2	16.0	18.7	9.4	17.8
More than 35	16.8	15.1	18.4	22.9	18.8	13.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	23.9	24.5	23.8	26.1	24.2	21.0

Years in Present Post

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–$9B	Less than $1B
Less than 6	61.8%	56.7%	65.3%	67.4%	60.6%	66.7%
6–10	20.0	23.3	18.1	16.4	21.2	17.8
11–15	10.5	11.1	10.2	10.2	9.1	11.1
16–20	3.6	4.5	3.2	2.0	6.1	2.2
21–25	2.7	3.3	1.6	2.0	3.0	0.0
More than 25	1.4	1.1	1.6	2.0	0.0	2.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	6.4	6.9	6.1	6.1	6.3	5.8

Immediate Previous Position

More than half the responding CEOs were previously COOs of their present companies, down from three-quarters in 1984. Slightly less than half (47.5 percent) attained their current posts through the efforts of their predecessors, while more than one-third (38.2 percent) obtained their positions as a result of the initiative of their boards.

				Industrials by Size			
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
CEO/President of another company	**8.7%**	11.5%	6.3%	6.1%	6.1%	6.7%	9.4%
COO of present company	**52.1**	52.9	52.0	49.0	51.5	55.6	75.3
COO of another company	**1.8**	1.1	2.3	2.0	0.0	4.4	4.3
Other post, present company	**28.6**	26.4	30.7	34.7	39.4	20.0	4.7
Other post, another company	**7.4**	6.9	7.9	8.2	3.0	11.1	3.9
Other	**1.4**	1.2	0.8	0.0	0.0	2.2	2.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Background Experience

As has been true in prior studies, more than half the responding chief executive officers indicate backgrounds in either sales/marketing or finance. Non-industrial CEOs are almost three times as likely to come from the field of finance as are their industrial counterparts, more than one-quarter of whom have experience in manufacturing/operations.

				Industrials by Size			
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
Sales/marketing	**28.4%**	26.4%	30.3%	34.0%	28.1%	27.9%	31.2%
Finance	**25.6**	41.4	14.8	12.8	15.6	16.3	25.4
Manufacturing/operations	**21.3**	12.7	27.9	23.4	31.3	30.3	21.2
Engineering/research	**11.8**	2.3	18.0	17.0	15.6	20.9	11.6
Law	**7.1**	9.2	4.9	6.4	6.3	2.3	8.2
Other	**5.8**	8.0	4.1	6.4	3.1	2.3	2.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Number of Full-Time Employers and Geographic Relocations

Responding chief executive officers have had three full-time employers thus far in their careers. Additionally, they report four geographic relocations. Participants who head industrial organizations have moved almost twice as many times as their non-industrial peers.

Full-Time Employers

			Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1-1.9B*	*Less than $1B*
One	28.0%	34.8%	23.8%	28.3%	25.0%	18.2%
Two	27.6	21.3	31.1	32.6	31.2	29.5
Three	19.1	22.5	17.2	17.4	12.5	20.5
Four	13.6	9.0	16.4	8.7	18.8	22.7
Five	7.0	6.8	7.4	6.5	9.4	6.8
More than five	4.7	5.6	4.1	6.5	3.1	2.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.6	2.6	2.7	2.6	2.7	2.8

Geographic Relocations

			Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1-1.9B*	*Less than $1B*
Zero	20.9%	34.5%	12.0%	10.6%	15.2%	11.1%
One	10.7	15.0	8.0	8.5	9.1	6.7
Two	14.4	12.6	16.0	12.8	18.1	17.8
Three	11.2	9.2	12.0	10.6	12.1	13.3
Four	11.6	10.3	12.8	12.8	15.2	11.1
Five	9.3	5.8	11.2	6.4	15.2	13.3
Six	7.0	3.4	8.8	12.8	3.0	8.9
More than six	14.9	9.2	19.2	25.5	12.1	17.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	3.6	2.5	4.3	4.9	3.6	4.1

Directorships

Responding chief executive officers hold an average of two corporate directorships, excluding their own. This number remains constant regardless of the type or size of organizations they head. More than five of six participants would not serve on boards that do not provide D&O (director and officer) liability insurance.

Number of Directorships

				Industrials by Size	
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1–1.9B*	*Less than $1B*
None	14.6%	16.1%	13.9%	6.4%	12.9%	22.7%
One	20.3	21.8	18.9	23.4	16.1	15.9
Two	24.1	17.3	28.7	27.7	32.2	27.3
Three	24.1	25.3	23.0	27.7	25.8	15.9
Four	10.8	8.0	13.1	12.7	6.5	18.2
Five	4.2	6.9	2.4	2.1	6.5	0.0
More than five	1.9	4.6	0.0	0.0	0.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.2	2.3	2.1	2.2	2.2	1.9

Would you serve on a board that did not offer D&O liability insurance?

				Industrials by Size	
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1–1.9B*	*Less than $1B*
Yes	15.6%	21.3%	11.0%	6.1%	18.2%	11.1%
No	84.4	78.7	89.0	93.9	81.8	88.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Corporate Objectives and Critical Functional Areas

Fully half the responding chief executive officers indicate improved financial results as their primary corporate objective for 1987. Additionally, they believe that finance, marketing, and human resources are the most critical functional areas to the success of their organizations.

Corporate Objectives

				Industrials by Size	
	Total 1987	*Non-Industrial*	*Industrial*	*$2B or More*	*$1–1.9B*	*Less than $1B*
Improved financial results	50.2%	51.8%	48.7%	40.9%	53.1%	53.7%
Higher returns to shareholders	16.3	12.9	18.8	22.7	21.9	12.2
Strategic planning for future growth	12.8	10.6	14.5	20.5	6.2	14.6
Increased client/ customer satisfaction	6.9	8.2	6.0	4.5	9.4	4.9
Greater productivity	4.9	4.7	5.1	4.5	9.4	2.4
Cost containment	3.4	4.7	2.6	2.3	0.0	4.9
An active acquisitions program	1.5	1.2	1.7	2.3	0.0	2.4
Possible merger	1.5	3.5	0.0	0.0	0.0	0.0
Other	2.5	2.4	2.6	2.3	0.0	4.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Succession Planning

The percentage of responding chief executive officers who have designated potential successors increases with age. More than nine of ten participants who are 59 and older have suggested their replacements, while only half in the 40–49 age group have done so.

Of the CEOs who have chosen successors, six of seven have made their recommendations known to their boards. More than nine of ten in this group have done so on their own initiative.

Have you identified a possible successor(s) to yourself as CEO?

	By Age		
Total 1987			
76.8%	52.4%	69.0%	93.9%
23.2	47.6	31.0	6.1
100.0%	100.0%	100.0%	100.0%

Has your choice(s) been identified to the board?

85.2%	72.7%	82.5%	89.6%
14.8	27.3	17.5	10.4
100.0%	100.0%	100.0%	100.0%

Did you do so?

93.9%	100.0%	92.9%	94.2%
6.1	0.0	7.1	5.8
100.0%	100.0%	100.0%	100.0%

Personal

The typical chief executive officer is a 58-year-old white Protestant male who is married to his first spouse. He holds a bachelor's degree and plans to retire from his current position at the age of 64.

Age

Total 1987	*Non-Industrial*	*Industrial*
9.6%	12.2%	7.1%
16.4	17.8	15.9
36.5	35.5	38.1
29.7	26.7	31.7
6.4	7.8	4.8
1.4	0.0	2.4
100.0%	100.0%	100.0%
57.6	56.9	58.1

Gender

100.0%	100.0%	100.0%	100.0%
0.0	0.0	0.0	0.0
100.0%	100.0%	100.0%	100.0%

			By Age		
		Total 1987	40–49	50–59	Over 59
Religion	Protestant	70.5%	50.0%	67.8%	79.2%
	Roman Catholic	21.4	40.0	25.0	11.7
	Jewish	4.8	10.0	2.7	6.5
	Other	0.9	0.0	1.8	0.0
	None	2.4	0.0	2.7	2.6
		100.0%	100.0%	100.0%	100.0%
Race	White	99.5%	100.0%	99.1%	100.0%
	Black	0.5	0.0	0.9	0.0
	Hispanic	0.0	0.0	0.0	0.0
	Asian	0.0	0.0	0.0	0.0
		100.0%	100.0%	100.0%	100.0%
Marital Status	Married to first spouse	82.7%	76.2%	84.5%	81.7%
	Separated or divorced, not remarried	1.8	4.8	2.6	0.0
	Divorced, remarried	13.2	19.0	12.1	13.4
	Widowed, remarried	2.3	0.0	0.8	4.9
		100.0%	100.0%	100.0%	100.0%
Highest Educational Attainment	High school diploma	5.9%	0.0%	4.3%	9.8%
	Bachelor's degree	52.5	38.1	58.3	48.8
	MBA	18.3	14.3	21.8	13.4
	LLD/LL.B.	10.1	23.8	4.3	14.6
	Other Master's degree	7.3	9.5	7.0	7.3
	Doctorate	5.0	9.5	4.3	4.9
	Two Master's degrees	0.9	4.8	0.0	1.2
		100.0%	100.0%	100.0%	100.0%
Do you plan to retire from your present position?	Yes	93.2%	76.2%	94.0%	96.3%
	No	6.8	23.8	6.0	3.7
		100.0%	100.0%	100.0%	100.0%
If so, by what age?	After 75	0.5%	0.0%	0.0%	1.3%
	70–75	3.2	0.0	2.0	5.3
	65–69	53.4	6.7	38.4	82.9
	60–64	36.1	26.7	56.6	10.5
	55–59	5.8	53.3	3.0	0.0
	Before 55	1.0	13.3	0.0	0.0
		100.0%	100.0%	100.0%	100.0%
	Mean	63.6	56.8	62.9	66.0

Hours Devoted to Business

Participating chief executive officers devote an average of 61.1 hours weekly to business. Three of ten who head $2 billion-or-more industrial organizations log 70-or-more hours at work a week. More than half of the CEOs spend less than one-quarter of this time on business travel.

Respondents also spend an average of 17.3 hours a week in meetings and 6.3 hours preparing for them. However, more than four of five rate the quality of time spent in meetings as "productive."

Despite their heavy workloads, more than four of five chief executive officers indicate that they believe CEOs enjoy their work more than executives at other levels.

Business Hours

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–1.9B	Less than $1B
Fewer than 50	2.3%	3.3%	1.6%	0.0%	6.1%	0.0%
50–59	27.3	21.1	31.5	20.4	39.4	37.8
60–69	52.3	56.7	48.8	49.0	45.4	51.1
70–79	13.6	13.3	14.2	22.4	6.1	11.1
More than 79	4.5	5.6	3.9	8.2	3.0	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	61.1	61.9	60.6	63.8	57.9	59.0

How many hours of your week are spent in meetings?

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–1.9B	Less than $1B
Fewer than 5	5.7%	2.4%	7.3%	2.2%	9.1%	11.4%
5–9	14.4	15.7	13.8	10.9	15.1	15.9
10–14	21.5	25.3	18.7	17.4	18.2	20.5
15–19	15.8	15.7	16.3	17.4	15.1	15.9
20–24	20.1	15.7	23.6	30.4	27.3	13.6
25–29	4.8	4.8	4.9	8.7	3.0	2.3
30–34	12.0	14.4	9.7	8.7	6.1	13.6
More than 34	5.7	6.0	5.7	4.3	6.1	6.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	17.3	17.8	17.0	18.0	16.4	16.3

Do you believe that chief executives enjoy their work more than executives at other levels?

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–1.9B	Less than $1B
Yes	82.4%	80.7%	84.0%	83.0%	81.8%	86.7%
No	17.6	19.3	16.0	17.0	18.2	13.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Leisure and Vacation Time

More than half the responding CEOs feel they have sufficient time to spend with their families, an increase of 20 percent from those who thought so in 1984. Yet, these executives do not believe they have adequate time for outside interests. Additionally, while a majority of respondents are given more than four weeks of vacation annually, seven of ten took three weeks or less last year.

Do you feel you have sufficient time to spend with:

Family

		Industrials by Size				
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
Yes	55.7%	65.2%	49.6%	36.7%	63.6%	53.3%	35.8%
No	44.3	34.8	50.4	63.3	36.4	46.7	64.2
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Outside Interests

		Industrials by Size				
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
Yes	37.3%	42.0%	34.9%	22.4%	48.5%	38.6%	30.2%
No	62.7	58.0	65.1	77.6	51.5	61.4	69.8
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Weeks of Vacation Taken

		Industrials by Size				
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B	*Total 1984*
Less than one	3.2%	3.4%	3.1%	2.0%	6.1%	2.2%	4.1%
One	11.9	12.4	11.8	12.2	6.1	15.6	8.5
Two	28.3	24.7	29.9	22.5	39.4	31.1	23.8
Three	25.6	23.6	26.8	36.7	21.2	20.0	30.1
Four	20.1	21.3	19.7	22.5	15.1	20.0	33.5
More than four	10.9	14.6	8.7	4.1	12.1	11.1	0.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Mean	2.9	3.0	2.8	2.8	2.8	2.8	2.9

Merger Activity and Competition

Responding CEOs believe that expectations of greater profitability, the desire to branch into different markets, and lucrative tax benefits are the top three factors driving merger activity. One of six participants points to increased international competition as a reason for mergers.

More than four of nine participating chief executive officers think Japan is their strongest global competitor. However, one-third of the CEOs who head non-industrial organizations feel either that their strongest competition comes from domestic organizations or that they have no major competitors.

Competition

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B
Japan	45.0%	50.8%	41.6%	31.7%	54.9%	41.4%
West Germany	8.2	0.0	12.4	12.2	16.1	9.8
United Kingdom	8.2	7.0	8.8	14.6	3.2	7.3
South Korea	2.3	1.8	2.7	0.0	6.5	2.4
Brazil	4.1	1.8	5.3	9.8	0.0	4.9
Canada	3.5	3.5	3.5	4.9	0.0	4.9
Domestic competition only	7.0	12.3	4.4	7.3	0.0	4.9
None	12.9	21.0	8.9	2.4	16.1	9.8
Other	8.8	1.8	12.4	17.1	3.2	14.6
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Changing Role of the CEO

Seven of ten participating chief executive officers believe the role of CEO has undergone dramatic change in the last five years. Five of seven respondents point to greater involvement with strategic planning as a way in which the role of CEO has changed, compared with only one of six who predicted this would occur in 1984. A majority of industrial CEOs think chief executives are more concerned with foreign competition than was the case five years ago, while more than half the non-industrial CEOs believe that they now interact more with external constituencies.

More than one-fifth of the respondents expect that they will be more involved with strategic planning during the next five years. Almost an equal number indicate that the short-term future will find the CEO's role changed to reflect more "hands-on" involvement with the management of his company and with government legislation and public policy.

In your view, has the role of the CEO undergone dramatic change in the last five years?

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B
Yes	69.7%	61.8%	75.4%	73.5%	84.4%	71.1%
No	30.3	38.2	24.6	26.5	15.6	28.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In what ways?

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–1.9B	Less than $1B
Greater involvement with strategic planning	73.5%	75.9%	71.6%	77.8%	48.1%	84.4%
Greater concern with foreign competition	43.7	22.2	55.8	55.6	48.1	62.5
More interaction with external constituencies	41.7	51.9	34.7	44.4	22.2	34.4
Spokesperson for industry and your organization	35.8	40.7	33.7	36.1	33.3	31.3
Growing concern with adverse litigation	33.8	25.9	38.9	27.8	44.4	46.9
Proactive in formulation of public policy	28.5	25.9	30.5	38.9	37.0	15.6
Fighting takeover/ raider activity	3.3	5.6	2.1	0.0	3.7	3.1
Other	7.9	13.0	5.3	5.6	3.7	6.3

Results do not add to 100% due to multiple responses.

In what significant ways do you believe the role of CEO will change over the next five years?

				Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1–1.9B	Less than $1B
More visibility/involvement with all publics	15.5%	14.3%	16.7%	17.4%	25.0%	11.1%
More involvement with strategic planning	21.8	31.0	15.2	17.4	6.3	18.5
More "hands-on" involvement with management of company	20.9	16.7	24.2	21.7	31.3	22.2
More involvement with global/international issues and foreign competition	17.3	9.5	22.7	26.1	12.5	25.9
More involvement with government legislation and public policy	20.0	16.7	22.7	21.7	37.5	14.8
Increased focus on long-term considerations and increasing shareholder value	7.3	4.8	7.6	8.7	12.5	3.7
Little or no change	10.0	14.3	7.6	4.3	12.5	7.4
Other	13.6	14.3	13.6	13.0	18.8	11.1

Results do not add to 100% due to multiple responses.

Ethical Business Practices

Nine of ten responding chief executive officers indicate their corporations have developed written "conduct" guidelines to assure that their managers follow ethical business practices. Of those CEOs who head organizations that have not yet instituted such policies, one of four plan to do so within the next two years.

Almost two-thirds of the participating CEOs believe present SEC rules allowing investors up to 10 days to file when accumulating more than five percent of a company's shares should be modified. Of this group, more than three-fourths indicate doing so will help avoid insider trading scandals.

Has your corporation developed written "conduct" guidelines to assure that your managers follow ethical business practices?

			Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B
Yes	90.9%	88.9%	92.9%	98.0%	90.9%	88.6%
No	9.1	11.1	7.1	2.0	9.1	11.4
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Should present SEC rules allowing investors up to 10 days to file when accumulating more than five percent of a company's shares be modified?

			Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B
Yes	64.8%	54.1%	72.0%	79.6%	69.7%	65.1%
No	35.2	45.9	28.0	20.4	30.3	34.9
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Will this help avoid insider trading scandals?

			Industrials by Size		
	Total 1987	*Non-Industrial*	*Industrial*	$2B or More	$1-1.9B	Less than $1B
Yes	76.4%	73.8%	77.1%	65.7%	81.8%	88.5%
No	23.6	26.2	22.9	34.3	18.2	11.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Successful Executive

Leadership ability, the ability to think conceptually, and strategic planning expertise are the top three attributes respondents believe are needed by today's chief executive officer. Participants also indicate that hard work, leadership ability, and "people" skills are the three factors that contributed most to their success.

As for their own management teams, responding CEOs state the qualities of personal integrity, the ability to execute strategies, and creativity are most important to their hiring decisions.

Based on their organizations' experience, more than one-third of the participants believe Harvard University graduates the best qualified M.B.A.s.

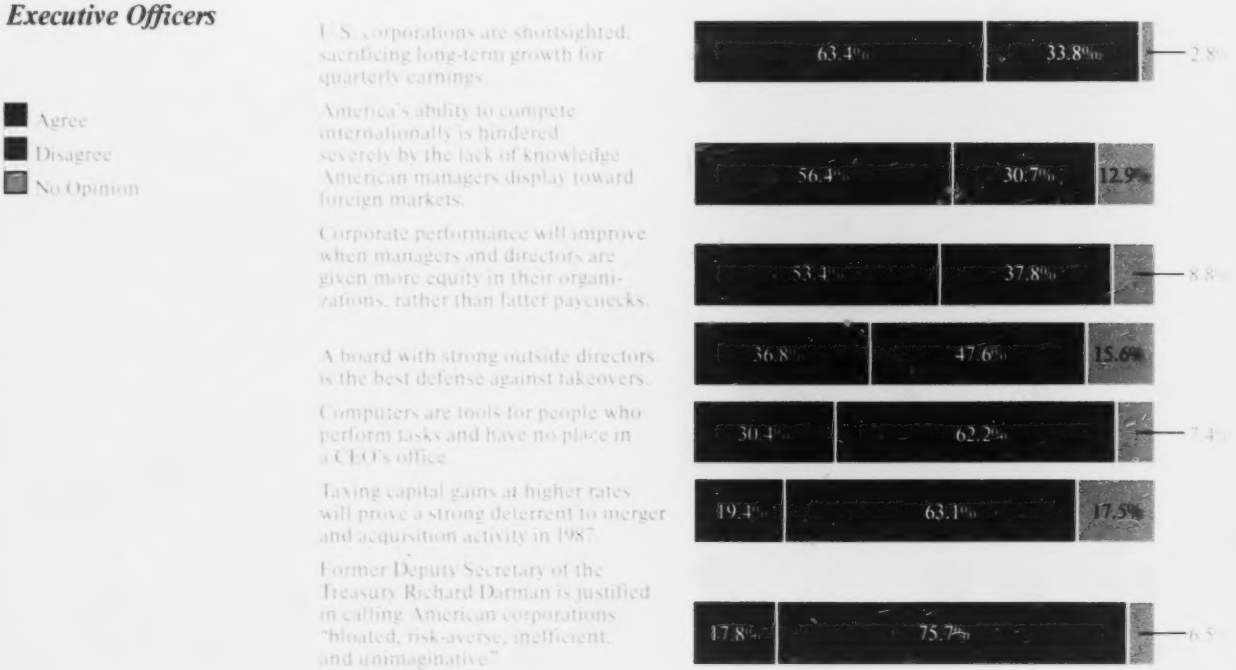
Based on your organization's experience, which school of business graduates the best qualified M.B.A.s?

	Total 1987	*Non-Industrial*	*Industrial*
Harvard University	36.1%	34.6%	37.6%
Stanford University	17.8	18.0	17.8
University of Chicago	10.6	3.8	15.8
Northwestern University	7.8	7.7	7.9
The Wharton School	5.5	9.0	3.0
University of Virginia	2.8	2.6	3.0
University of Michigan	1.7	2.6	1.0
No opinion	5.0	3.8	5.9
None	3.3	3.8	3.0
Other	9.4	14.1	5.0
	100.0%	100.0%	100.0%

Most Effective Chief Executive Officer

Although no one chief executive officer received a majority endorsement, responding *Fortune* 1000 CEOs most often named John Welch of General Electric, Roy Vagelos of Merck & Co., and Lee Iacocca of Chrysler as their choices for the most effective chief executive officer in the nation today.

Views of Chief Executive Officers


Agree
Disagree
No Opinion
U.S. corporations are shortsighted, sacrificing long-term growth for quarterly earnings.
63.4%
33.8%
2.8%
America's ability to compete internationally is hindered severely by the lack of knowledge American managers display toward foreign markets.
56.4%
30.7%
12.9%
Corporate performance will improve when managers and directors are given more equity in their organizations, rather than fatter paychecks.
53.4%
37.8%
8.8%
A board with strong outside directors is the best defense against takeovers.
36.8%
47.6%
15.6%
Computers are tools for people who perform tasks and have no place in a CEO's office.
30.4%
62.2%
7.4%
Taxing capital gains at higher rates will prove a strong deterrent to merger and acquisition activity in 1987.
19.4%
63.1%
17.5%
Former Deputy Secretary of the Treasury Richard Darman is justified in calling American corporations "bloated, risk-averse, inefficient, and unimaginative."
17.8%
75.7%
6.5%

About Heidrick and Struggles

For more than three decades, Heidrick and Struggles has devoted its full resources and capabilities to providing superior executive search services worldwide. Client organizations within every one of the world's major industries retain Heidrick and Struggles to identify, evaluate, and attract high caliber executive talent for specific opportunities within middle and top management, and for boards of directors. One of the best known and most experienced in executive selection, the firm comprises more than 90 professionals, supported by a sophisticated information base in a network of 19 offices located in major business centers in the United States and Europe.

To contribute to the body of knowledge available on senior management, Heidrick and Struggles periodically publishes profiles on incumbents in key management posts. The firm is pleased to add this publication to others it produces to report trends of significance to directors and senior management.

Publications

A list of recent Heidrick and Struggles publications appears below. Copies and prices are available from the firm's Communications/Public Relations Department in Chicago.

United States

The Changing Board
A survey of chairmen and the boards they direct (issued annually since 1966)

Director Data
Chief Executive Officer
Financial Services Chief Executive
Information/Technology Chief Executive Officer
Health Care Chief Executive
Profile of a Chief Financial Officer
Profile of a Chief International Officer
Profile of a Bank and Bank Holding Company Chief Executive Officer
Human Resources: Function in Transition
Research and Development
Mobile Manager
The Corporate Woman Officer

The Search for Management
Services of an executive search consulting firm

Europe

Le Talent De Diriger
Chief Executive Officer Data
The U.K. Chief Executive and His Outlook
The Characteristics of Newly Appointed CEOs in the U.K.
Profile of the Chief Financial Officer in the United Kingdom
Karriere-Ingenieure in Deutschland
Leiter Finanz- und Rechnungswesen in Deutschland
Chief Marketing Executive in the United Kingdom
Der Marketing-Leiter in Deutschland
Der Vertriebsleiter in Deutschland
Die Situation im Maschinen- und Anlagenbau
Der Marketing-Leiter in der EDV-Branche
Profile of a Chief International Officer
La Mobilità dell'Alta Direzione in Italia
Leiter Personalwesen in Deutschland
Le Directeur Du Personnel Dans Les Benelux
Profile of a Chief Personnel Executive in the United Kingdom
Profil du Directeur du Personnel en France
Top Management in the U.K. Computing Industry
Information Technology—The Management of Change in the U.K.

The Search for Management in Europe
Brochure describing the services of an executive search consulting firm in Europe (available in Dutch, English, French, and German)

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